

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



"THE FLEXIBLE FARM LEASE"

Prepared by

TENURE IMPROVEMENT SECTION

Farm Security Administration

U. S. DEPARTMENT OF AGRICULTURE

JUL 25 1938

163

Forty-two percent of this Nation's farmers lease or rent all of the land which they cultivate; another 10 percent rent a part of their land. Together, these tenants and part owners rent half of all the land in farms in the United States.

The 337 million acres of land operated by tenants and share-croppers are-owned by about 1,500,000 landowners. Thousands of other land-owners rent 134 million acres of land to part owners.

Over 16 million people who are members of tenant and share-cropper families are dependent upon these rented farms for the necessities of life. Owners of these rented farms have more than 30 billion dollars invested in them, from which they need annual dividends.

Most Farm Leases Are Verbal.

Yet, over 80 percent of all farm leases consist of nothing more than a verbal agreement. Such verbal leases are naturally loosely worded and are recorded only in a human being's memory of a conversation. Many of them depend upon local custom and overlook details which may be important to harmony between landlord and tenant. Often they lead to such slip-shod relationships between renter and landowner that mutual distrust is inevitable.

Verbal Leases Cause Losses.

Of the 2,865,155 tenant farmers in the United States in 1935, approximately 980,000—over one-third—had lived where they were less than 1 year. Most of them had merely swapped farms without advantage to themselves or anyone else. Every year a similar reshuffling takes place. This habitual moving is costly to tenant, landowner, and public alike.

The tenant moves in winter between crops. His children are taken from school in midyear and frequently must enter in another district. The family leaves behind all its friends, improvements it has made to home and farm—much of the lasting benefits and human ties which it has won during the year. The cost of looking for a new farm and the cost of moving take money from the purse of the family which usually has little to spare. "Three moves are equal to a fire" is an old but true proverb.

The landowner likewise loses much from a continual changing of tenants. He suffers damage to his property, because a tenant naturally does not take great pains to preserve and improve property which he knows he may not use in the future. In settling with an outgoing tenant, the landowner has little chance of being compensated for damage to his property. It is not surprising, therefore, that the landowner sometimes feels that he cannot trust any tenant, and the tenants often meet distrust with distrust.

The Public Loses, Too.

The public also suffers from unstable tenure arrangements. A tenant who expects to move wants possessions that are easy to carry—and the most easily carried possession of all is cash. He is inclined to plant all of his acreage in one cash crop, and land which is farmed in this way soon wears out. So long as he does not expect to till the farm next year, the tenant has little reason to prevent soil erosion and to plant soil-improving crops.

This is one of the chief reasons why 3 billion tons of topsoil from America's farms is washed away every year. Already 100 million acres of once fertile land have been destroyed by soil erosion and an additional 4 billion dollars' worth of topsoil is being lost annually. A large portion of this loss takes place upon the farms operated by tenants. This is not a mere loss of income; it is a loss of irreplaceable capital, of the Nation's most valuable natural resource—the soil.

It is plain that our system of verbal leases has failed to provide a satisfactory life for many tenant families, has failed to safeguard the landowner's investment, and has failed to protect the public's interest in the Nation's land resources. It is to the interest of everyone—landowners, tenants, and the public—to join hands in a sincere effort to improve the tenure system.

"The Flexible Farm Lease."

"The Flexible Farm Lease" is offered as a basis for such an effort. It has been developed as a practical means of encouraging better arrangements, and particularly of getting these down in black and white. It undertakes simply to reduce our customary arrangements to written form, outlining in simple language the obligations entered into and providing an acceptable basis for the settling of differences.

Most landowners and tenants are fair and reasonable, and can get along agreeably together if they have a proper basis for understanding and mutual confidence. Most difficulties arise over minor questions which were not discussed at the time the farm was rented. They often can be avoided if, in entering into a written lease, landlord and tenant will consider all details of their agreement in advance. The signed lease then serves as a record of those agreements for reference when questions arise.

When minor difficulties are avoided, a major source of mutual distrust and discontent is eliminated.

A good written lease, therefore, provides a basis for more lasting tenure, which may result in a more satisfactory life for the tenant, a safeguarding of the landlord's investment, and a better care of the Nation's land.

As moves are avoided, a heavy drain on the tenant's purse is ended. The feeling of security, which comes from years of living in the same community, encourages a tenant family to keep its children in school; to cement friendships with neighbors; and to take part in community activities. A feeling that the farm he leases is his permanent home encourages him to make it more homelike by keeping it in repair and planning for gardens, livestock, and a variety of crops adapted to its particular soil and climate. Assurance that he will benefit from his efforts encourages the tenant to preserve and improve the soil of the farm itself.

However, a written lease does not guarantee any of these things. A signed lease which provides satisfactory tenure arrangements is merely the necessary first step. A better system of tenure merely opens up an opportunity for progress and establishes a basis for mutual trust and confidence.

Putting Customary Agreements in Writing.

"The Flexible Farm Lease" is not intended to remake or revolutionize leasing arrangements. Agreements which can be made in contract form in The Flexible Farm Lease will be recognized throughout the United States as those already generally accepted in oral leasing.

It is, for instance, customarily the landowner's responsibility to put the place in good repair when the tenant takes possession. It is also his duty to replace buildings or fences which have been destroyed by fire or storm or other causes beyond the tenant's control; to provide permanent improvements, such as new buildings, major repairs, and terraces or drainage systems; and to furnish materials or skilled labor needed for normal repairs.

It is the tenant's responsibility to keep the property in good repair and to haul materials and do the work involved in making normal repairs which do not require special skill. Sections 2, 5, 7, and 8 of the lease simply provide a form under which landlord and tenant may agree upon details and may insert their own particular agreement.

Sometimes the landowner is financially unable or is unwilling to provide improvements, additions, or repairs which are needed. In such cases, a joint agreement is often worked out for the tenant to make the improvements at his own expense. He would be compensated for his

expenses and labor under a delayed payment plan, or by credit against his rent. Section 5 of the lease outlines a type of joint improvement plan which has already proven satisfactory in many cases.

It is customarily the duty of the tenant to operate the farm in a manner that will maintain its productivity; to haul and spread barnyard manure and lime or rock phosphate; to prepare and seed permanent meadows; to set out and tend orchards and vineyards. The landlord usually pays for the lime and rock phosphate and buys seed for meadows and plantings for orchards. In filling out sections 4 and 5 of The Flexible Farm Lease exact provisions for such activities are agreed upon.

Farm Rentals.

In regard to payments and privileges under regular crop-share rental agreements, the most usual type, it is customary for the tenant to furnish teams, equipment, feed, and seed, and to deliver one-third of grain crops, one-fourth of the cotton crop, and varying proportions of other crops to the landowner as rent. Usually the landowner allows the tenant the use of buildings, garden, orchard, and pasture. Generally, the tenant may use dead and damaged timber for fuel, but must get the owner's permission to cut good timber. The details agreed upon by owner and tenant in each case may be written into The Flexible Farm Lease in sections 3 and 4.

The arbitration of disputes by a committee of neighbors, as provided in section 9, has not generally been incorporated in lease forms in recent years. However, arbitration has long been practiced by farmers in various parts of the United States, and has proven a satisfactory and inexpensive means of avoiding controversies and settling disputes.

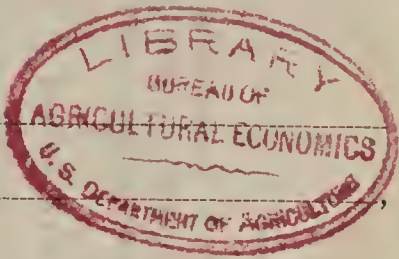
The signing of a farm lease is a most important matter. It involves the success of a tenant family and a landlord's investment. Before the parties sign the lease it should be read by both, or read to them together, and the details should be carefully discussed so that all provisions are clearly understood. Each party should have a signed copy of the lease, and it may be well to have the lease recorded.

The Flexible Farm Lease has been printed for study and use throughout the country by the Farm Security Administration. It suggests a proper approach. It is not offered as a "model" lease or assumed to be technically complete or ideal; it is offered only as a basis upon which landlords and tenants may work out a detailed, written agreement which will fit their own needs.

Copies of The Flexible Farm Lease may be secured by writing the Farm Security Administration, Washington, D. C., or by applying to the local representative of the Farm Security Administration.

JUL 25 1938

FLEXIBLE FARM LEASE



This lease, made this _____ day of _____, 19____, between _____, Landlord, of _____ and _____, Tenant, of _____

WITNESSETH :

1. DESCRIPTION OF PROPERTY.—The landlord hereby leases to the tenant, to occupy and use for agricultural purposes, the following-described property, located in _____ County, State of _____;

and consisting of _____ acres, more or less, together with all buildings and improvements thereon and all rights thereto appertaining. (All this property together is hereafter referred to as the “farm.”)

2. TERM OF LEASE.—The term of this lease shall be for _____ year____, from _____, 19____, to _____, 19____

(Either of the following optional clauses may be completed or may be stricken out if not applicable.)

Option A.—*Termination clause.*—This lease may be terminated on the _____ day of _____ of any year by written notice given by either party to the other on or before the _____ day of _____ (month) prior to effective date of termination.

Option B.—*Automatic renewal clause.*—This lease will remain in full force and effect from year to year unless written notice of termination is given by either party to the other on or before the _____ day of _____ before expiration of the lease or of any renewal thereof.

3. RENTAL RATES AND ARRANGEMENTS. (Clauses not applicable should be stricken out.)

Option A.—*Lump-sum cash rent.*—As rent for said farm, the tenant agrees to pay the sum of _____ dollars (\$) _____) per year, payable as follows:

Option B.—*Per acre cash rent option.*—As rent for all of said farm, the tenant agrees to pay in cash at the uniform rate of _____ dollars (\$) _____) per acre on _____ acres or at a variable rate per acre at the rates and on the acreages indicated in the table below.

Option C.—*Crop-share or share-cash option.*—As rent for said farm, the tenant agrees to pay shares or quantities of crops or shares of crops and cash as indicated in the table below.

It is agreed that the acreages indicated in column (1) of the table below are the approximate planned acreages for the year 19____, and that crop acreages and livestock enterprises may be changed by mutual agreement to meet changing conditions and needs and shall be determined from year to year by mutual agreement by the parties to this lease upon the basis of a sound plan for this farm. It is further agreed that the shares of crops or the rates of rent indicated in column (2) will be paid upon the acreages actually grown as determined at the time the rent is payable.

NOTE.—Planned acreage of each crop to be grown will be entered in column (1) and the acreages in this column should total the exact or approximate land available for use in the farm. The share of each crop to be paid as rent will be entered opposite the crop in column (2). If cash rent is to be paid at a variable rate of cash per acre, this will be entered in column (2) opposite the crop which is indicated in column (1).

Approximate planned acreages of crops (1)	Shares of crops grown or cash per acre to be paid as rent (2)
_____ acres of corn_____	_____
_____ acres of oats_____	_____
_____ acres of wheat_____	_____
_____ acres of cotton_____	_____
_____ acres of alfalfa or other hay crops_____	_____
_____ acres of _____	_____
_____ acres of _____	_____
_____ acres of _____	_____
_____ acres for subsistence garden, orchard, etc. _____	_____ (rent free)
_____ acres for pasture for subsistence livestock_____	_____ (rent free)
_____ acres in farmstead, barnlot, poultry yards, etc. _____	_____ (rent free)
_____ Total acres.	_____

FLEXIBLE FARM LEASE

BETWEEN

(Landlord)

(Tenant)

For (Common name or number of farm)

In County

State of

EFFECTIVE

From , 19

To , 19

Renewed , 19

From , 19

To , 19

Prepared by

Tenure Improvement Section,
Farm Security Administration,
U. S. Department of Agriculture.

RENEWAL

It is hereby agreed by and between the parties to this lease that it shall continue in full force and effect, or is hereby renewed, for a period of _____ year____, from _____, 19____, to _____, 19____, in the same form as originally signed or with the following changes and amendments: _____

Witnesses as to both signatures: Signed this _____ day of _____, 19____

(Landlord)

(Tenant)

PLAT OF FARM

The plat above may be used to show the shape, size, and location of fields, pastures, meadows, buildings, etc. If the entire plat is used to represent a square 160-acre tract, each of the small squares will represent 10 acres.

Written memorandum.—In an instance in which the written consent of the landlord is required for an improvement as provided above, the parties shall enter into a memorandum before such improvement is made, memorandum covering such points as: Statement of the improvement to be made, location of the improvement, the agreed approximate cost, the agreed basis of compensation for labor and other contributions to be made by the tenant and the agreed basis of deductions for depreciation and use. Copy of such memorandum, signed by both parties, shall be attached to this lease and shall become a part of same.

(c) *Removal of improvements.*—The tenant may, if he chooses, any time this lease is still in effect, remove any improvement he has made, whether or not it has become legally a fixture, and the tenant shall not be compensated for improvements removed.

(d) *Maintenance of the farm.*—The tenant agrees to keep the farm in good condition and repair and to yield possession thereof, at the end of the term of this lease or any renewal or extension thereof, in as good order as at the beginning, ordinary wear and damage caused by conditions beyond his control excepted.

6. **GOVERNMENTAL AGRICULTURAL PROGRAMS.**—The parties agree to participate and cooperate, with respect to the farm, in any applicable agricultural conservation, soil conservation, or other governmental program designed to aid agriculture, to the extent practicable. Modifications in this lease may be agreed upon from time to time if necessary to conform with such programs. Any cash or other benefits received for participation in any such program shall be divided between the landlord and the tenant as provided in such program. If, in any such program, the farm covered by this lease is treated as part of a larger tract, the tenant shall be entitled to participate proportionately and share proportionately and in like manner shall contribute proportionately in fulfilling the requirements of such program.

7. **THE TENANT AGREES THAT:**

- (a) He will not assign this lease or sublet any portion of the farm without the consent of the landlord.
- (b) He will permit the landlord or his agent to enter the farm at any reasonable time for repairs, improvements and inspection.
- (c) He will not commit waste on or damage to the farm or permit others to do so.

8. **THE LANDLORD AGREES THAT:**

- (a) He is the owner of the farm, has the right to give the tenant possession under this lease, and will, so long as this lease remains in effect, warrant and defend the tenant's possession against any and all persons whomsoever.
- (b) If the tenant's possession of the farm is terminated for any reason whatsoever during any crop year, he will compensate the tenant for the value of any soil preparation, plowing, seeding, or cultivating that may have been performed, according to the tenant's share in the crop under this lease, and such compensation may be credited or applied upon any rent due hereunder.
- (c) He will repair or replace promptly any improvements on the farm damaged or destroyed by conditions beyond the control of the tenant other than ordinary wear.

9. **IT IS MUTUALLY AGREED THAT:**

- (a) This lease shall bind and shall inure to the benefit of the heirs, executors, administrators and assigns of both parties.
- (b) Willful neglect, failure or refusal by either party to carry out any material provision of this lease shall give the other party the power to terminate this lease, in addition to the right to compensation for damages suffered by reason of such breach. Such termination shall become effective ten (10) days after written notice specifying the delinquency and the election to terminate has been served on the delinquent party, unless during such ten (10) day period the delinquent party has made up the delinquency. The landlord shall have the benefit of any summary proceedings provided by law for evicting the tenant upon termination under this paragraph, or at the end of the term.
- (c) Any differences between the parties under this lease, including the determination of valuations and matters herein left to subsequent agreement, shall be submitted to the arbitration of a committee of three disinterested persons, one selected by each party hereto and the third by the two thus selected; and the decision of such arbitration committee shall be accepted by and shall bind both parties.

IN WITNESS WHEREOF, the parties have signed this lease on the date first above written.

Witnesses as to both signatures:

_____	_____ [SEAL] (Landlord)
_____	_____ [SEAL] (Tenant)

ACKNOWLEDGMENT: (Proper form to be inserted)

4. FARM OPERATION :

(a) The tenant will furnish all work stock, machinery, and other necessary operating equipment, and will pay all operating costs except:

(b) Cost of harvesting, threshing, baling, ginning, fertilizer, lime, seed, twine, spray materials, etc., will be paid or shared as follows:

(c) The tenant will operate the farm in an efficient and husbandlike manner and will perform seeding, cultivating, harvesting, and plowing at the proper time and in the proper manner. As applied to this farm this clause shall be interpreted to include the following specific provisions (Russian thistle, Johnson grass, etc.) :

(d) It is agreed that the tenant, or the parties jointly, may engage in the small-scale commercial production of livestock or livestock products on the farm. Such production will be under the following special arrangements, if any (nature and extent, respective contributions and shares, use of pastures and crops, etc.) :

(e) *Tenant's fuel.*—It is agreed that the tenant may use dead or damaged timber for his own fuel, but the tenant shall cut no live trees for fuel or other use without obtaining consent of the landlord.

5. IMPROVEMENTS AND REPAIRS :

(a) *Immediate repairs.*—In order to place the farm in good condition and repair, the following repairs will be made by the landlord, or by the parties jointly, prior to _____, 19____, according to the following arrangements:

(b) *Tenant to be compensated for permanent improvements.*—Improvements of a permanent nature which are needed may be made by the tenant, at his own expense, under the following arrangements and conditions:

Improvements which the landlord ordinarily should provide.—With the written consent of the landlord, the tenant may, at his own expense, make improvements of a permanent nature, such as new buildings, additions, or major repairs to buildings, permanent household fixtures and equipment, new fences, wells, water and sewage systems, ponds, terrace or drainage systems, and other improvements of this nature, and at the termination or expiration of this lease, or any renewal or extension thereof, or at such earlier time as may be agreed upon, the tenant will be compensated or credited therefor by the landlord on the basis of cost to the tenant (including value of his own labor) less agreed deductions for depreciation and use.

Improvements which landlord and tenant customarily share.—With the written consent of the landlord the tenant may, at his own expense, apply lime or rock phosphate, establish permanent meadows or pastures, plant orchards or farm woodlots or make other improvements of this nature, the benefits of which are realizable or exhaustible over a period of several years. At the termination or expiration of this lease or any renewal or extension thereof or at such earlier time or in such installments as may be agreed upon, the tenant will be compensated or credited therefor by the landlord upon the basis of the landlord's customary share of cost of the improvement.

Minor improvements.—The tenant may, at his own discretion, make minor improvements of a permanent nature which do not substantially change the appearance and arrangement of the farm and will not expect or receive compensation for improvements so made.